



The power of purposeful technology

REMUNERATION REPORT

2022



Remuneration Report

Chairperson letter

Dear Shareholder,

On behalf of TietoEVRY's Remuneration Committee, I am pleased to present our Remuneration Report 2022. The report includes the remuneration of the members of the Board of Directors and the President and CEO (the CEO) for the financial year 2022 and describes how the Remuneration Policy approved by the 2020 Annual General Meeting of Shareholders has been implemented in practice. We will present this report at our 2023 Annual General Meeting for an advisory shareholder vote.

Our approach to remuneration

Our purpose as a Remuneration Committee is to ensure that remuneration plans at TietoEVRY reflect our long-standing remuneration principles of aiming to attract and retain the best talent, motivate all employees and align the goals of our shareholders, executives and other stakeholders to enhance the value of the company. We reward our employees for high performance in achieving both individual and the company's objectives. Thus, we are linking remuneration to the successful execution of our strategy, driving a major renewal of the company.

TietoEVRY is reconfiguring its businesses with a view to unlocking the full value potential of its portfolio. During summer 2022, we initiated a strategic review of our Banking business, which is expected to support a clear financial services software identity to attract the best talent. Later during the year, we announced a strategic review of TietoEVRY Transform and TietoEVRY Connect as a combined business. These actions seek to accelerate TietoEVRY's strategy implementation and position the company as a software and digital engineering business. Furthermore, they contribute to the company's uplifted financial ambitions.

Our remuneration structure aims to reinforce and support our strategic target of driving the expansion and growth of the company. With clear targets for both short- and long-term incentives, the Board of Directors aims to support sustainable value creation for all stakeholders. Therefore, our long-term incentive plans are linked both to strategic and financial measures as well as Environmental, Social and Governance (ESG) measures.

A significant proportion of our CEO's remuneration is derived from variable pay, comprising both short- and long-term incentives. The Board of Directors aims to ensure that the remuneration is well aligned with the execution of the strategy – which is particularly important during the era of significant ongoing renewal – and the financial performance of the company.

TietoEVRY's performance and remuneration in 2022

In 2022, organic revenue growth accelerated to 6% driven by strong development in our consulting and software business. TietoEVRY was also successful in maintaining healthy profitability levels in a challenging era of high inflation and was able to deliver a Group-adjusted operating profit of EUR 379.2 million. 2022

was the final year in the Performance Share Plan (PSP) 2020–2022 with earnings per share (EPS) and relative total shareholder return (relative TSR) as performance measures. For relative TSR, TietoEVRY's share was compared to relevant share index performance between 2020 and 2022. Relative TSR reached the maximum level set for the plan and EPS achievement was between threshold and target set for the plan.

The remuneration for the Board of Directors and the CEO during the financial year 2022 was executed in accordance with the 2020 Remuneration Policy. No deviations from the Remuneration Policy have been made and no remuneration of the Board of Directors nor the CEO has been reclaimed or restated during the financial year 2022.

Environmental, Social and Governance measures and their link to remuneration

As part of its strategy, the company has made a long-term commitment to sustainability by increasing its focus on Environmental, Social and Governance (ESG) aspects. In Performance Share Plan 2022-2024, the company included key ESG measures into the plan metrics. The reduction of CO₂ emissions and gender diversity in the form of female recruits are also included in the new Performance Share Plan 2023-2025 metrics with increased weight compared to the previous plan. The target levels set by the Board of Directors are based on the long-term ambitions of the company and support the execution of the strategy.

On behalf of TietoEVRY Remuneration Committee

Tomas Franzén
Chairperson of the Remuneration Committee

Committee members during 2022:

- Tomas Franzén
- Endre Rangnes
- Harri-Pekka Kaukonen

This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2020, and the requirements set forth in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, and the Decree of the Ministry of Finance.

Remuneration of the Board

According to the decision of Tietoevry's AGM 2022, the annual remuneration of the Board of Directors is the following:

- EUR 128 500 to the Chairperson,
- EUR 72 000 to the Deputy Chairperson and
- EUR 54 500 to the ordinary members of the Board of Directors.

In addition to these fees, the Chairperson of a permanent Board Committee receives an annual fee of EUR 20 000 and a member of a permanent Board Committee receives an annual fee of EUR 10 000. In addition, remuneration of EUR 800 is paid to the Board members elected by the Annual General Meeting for each Board of Director's meeting, permanent committee or temporary subgroup meeting. Further, remuneration for employee representatives elected as ordinary members of the Board of Directors will be an annual fee of EUR 15 000, which is paid in cash only.

Furthermore, the AGM 2022 decided that part of the fixed annual remuneration may be paid in the company's shares purchased from the market. An elected member of the Board of Directors may, at his/her discretion, choose to receive the fee from the following alternatives:

1. No cash, 100% in shares
2. 25% in cash, 75% in shares
3. 50% in cash, 50% in shares
4. 75% in cash, 25% in shares
5. 100% in cash, no shares.

No restrictions have been set on Board members concerning how they may assign these shares, but the company recommends that Board members should retain ownership of all the shares they have received as remuneration for as long as they serve on Tietoevry's Board.

In addition to the share remuneration, the Board members do not belong to or are not compensated with other share-based arrangements, nor do the members have any pension plans at Tietoevry except the personnel representatives. Tietoevry executives or employees are not entitled to compensation for their Board positions or meeting attendance in the Group companies, with the exception of the employee representatives elected as ordinary members to the parent company's Board of Directors. None of the Board members, except the personnel representatives, have an employment relationship or service contract with Tietoevry.

Compensation of individual Board members and the Board in 2022¹⁾

Name	Annual remuneration		
	EUR ²⁾	Shares ³⁾	Meeting based, EUR
Tomas Franzén, Chairperson Board and RC ⁴⁾	74 265	3 296	20 800
Timo Ahopelto, Deputy Chairperson ⁴⁾	41 008	1 820	17 600
Harri-Pekka Kaukonen, Chairperson ARC ⁴⁾	42 270	1 875	18 400
Liselotte Hägertz Engstam ⁵⁾	48 396	715	15 200
Angela Mazza Teufer ⁶⁾	13 644	1 814	9 600
Katharina Mosheim ⁵⁾	48 396	715	14 400
Niko Pakalén ⁷⁾	64 500	0	21 600
Endre Rangnes ⁴⁾	32 270	1 431	13 600
Leif Teksum ⁸⁾	—	—	2 400
Robert Spinelli, personnel rep.	15 000	—	—
Ilpo Waljus, personnel rep.	15 000	—	—
In total	394 749	11 666	133 600

¹⁾ The Board members have not received any other benefits.

²⁾ Gross compensation before taxes.

³⁾ Shares were purchased and delivered in May 2022.

⁴⁾ 50% in cash, 50% in shares.

⁵⁾ 75% in cash, 25% in shares.

⁶⁾ 25% in cash, 75% in shares.

⁷⁾ 100% in cash.

⁸⁾ Board member until 24 March 2022.

Board of Directors' shareholdings in TietoEVRY⁹⁾

Name	At 31 Dec 2022	At 31 Dec 2021
Tomas Franzén, Chairperson Board and RC	10 704	7 408
Timo Ahopelto, Deputy Chairperson	7 244	5 424
Harri-Pekka Kaukonen, Chairperson ARC	9 768	7 893
Liselotte Hägertz Engstam	4 096	3 381
Angela Mazza Teufer	3 176	1 362
Katharina Mosheim	1 767	1 052
Niko Pakalén	2 786	2 786
Endre Rangnes	7 705	6 274
Leif Teksum (partly via Teklei Consulting AS)	—	8 488

⁹⁾ Corporations over which the Board members exercise control did not have shares or share-based rights on 31 December 2022.

President and CEO's total remuneration

Kimmo Alkio	Remuneration paid during fiscal year 2022	Rewards to be paid during fiscal year 2023, STI 2022 and LTI 2020-2022
Salary	EUR 825 465	
Benefits	EUR 28 050	
Short-term incentive	EUR 484 380 (STI 2021) ¹⁾	EUR 991 586 (STI 2022)
Long-term incentive ²⁾	EUR 705 461 (PSP 2019–2021)	55 622 gross shares (PSP 2020–2022)
Total	EUR 2 043 355	
Fixed vs. variable compensation	42% / 58%	
Pension expenditure, voluntary defined contribution	EUR 205 054 ³⁾	

¹⁾ Incentive level adjustment downwards by the Board of Directors based on Group-wide incentive multiplier.

²⁾ Total gross long-term incentive reward, which is partly delivered in shares, partly converted to cash to cover income tax.

³⁾ Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

Variable, performance-based pay, meaning short- and long-term incentives, forms a substantial part of the CEO's total remuneration. In 2022, the paid short- and long-term incentives formed 58 per cent of total compensation and the fixed annual compensation 42 per cent. The CEO is eligible for a defined contribution (DC) plan where the expenditure is 23% of the annual base salary. Retirement age is 63. No other financial benefits were paid to the CEO in 2022.

Short-term incentive

The incentive for the President and CEO is 75% of the annual base salary when the performance is at expected level and the maximum incentive is 150%. The incentive targets are annually set by the Board of Directors, and the payout is decided by the Board of Directors after the consolidated financial statements have been prepared.

CEO STI 2021 (paid in April 2022)

Reward targets	Weight	Achievement
Group revenue	30%	On target
Group adjusted profit	30%	Between threshold and target
Adjusted free cash flow	10%	At maximum
Strategic and operational goals	30%	On target
Total	100%	102%

CEO STI 2022 (to be paid in 2023)

Reward targets	Weight	Achievement
Group revenue	25%	At maximum
Group adjusted profit	25%	Between target and maximum
Adjusted free cash flow	10%	Below minimum
Strategy and portfolio targets	40%	At maximum
Total	100%	159 %

CEO STI 2023 (potential reward in 2024)

Reward targets	Weight
Group revenue	25%
Group adjusted profit	25%
Adjusted free cash flow	10%
Strategy and portfolio targets	40%
Total	100%

Long-term incentive

Share-based plans reward leadership and key employees for company growth and achievement of defined strategic targets. TietoEVRY's Board of Directors decides each year separately on establishing new long-term incentive plans and sets the performance criteria for the performance share plan including the performance requirements for threshold, target and maximum levels. The performance criteria are set and

evaluated for the three-year performance period (except for PSP 2019–2021, for which the performance criteria were reevaluated due to the merger). The ESG performance measures for PSP 2022–2024 and PSP 2023–2025 are based on the company's responsibility targets. The Board nominates the CEO to the LTI plan and decides on the shares to be allocated to him. Shares will be delivered after the consolidated financial statements have been prepared and performance criteria evaluation can be completed.

Performance Share Plan	2019–2021	2020–2022	2021–2023	2022–2024	2023–2025
Performance criteria & criteria weight					
	EPS, weight 30%	EPS, weight 50%	EPS, weight 33%	TSR, weight 60%	TSR, weight 80%
	TSR, weight 20%	TSR, weight 50%	TSR, weight 33%	Revenue growth, weight 30%	ESG: CO ₂ emissions, weight 10%. Target level: 87% reduction from 2020 baseline by the end of 2025
	Revenue growth, weight 50%		Revenue growth, weight 34%	ESG: CO ₂ emission, weight 5%	ESG: Gender diversity, female recruits, weight 10%. Target level 37% female intake in 2025
				ESG: Gender diversity, weight 5%	
Achievement in total and per measure	98%	137%	n/a	n/a	n/a
	EPS 2019: below threshold	EPS: between minimum and target			
	EPS 2020-2021: at maximum	Relative TSR: at maximum			
	Relative TSR: below threshold				
	Revenue growth 2019: between threshold and target				
	Revenue growth 2020–2021: between threshold and target				
Share delivery	2022	2023	2024	2025	2026
The President and CEO share grants and deliveries					
Grant size of Annual Base Salary at share grant ¹⁾	100%	125%	125%	125%	125%
Target number of gross shares	29 433	40 600	37 900	43 212	37 900
Maximum number of gross shares	58 866	81 200	75 800	86 424	75 800
Shares earned (total gross shares) ²⁾	28 844	55 622	n/a	n/a	n/a
Share price at delivery	EUR 24.4578	n/a	n/a	n/a	n/a

¹⁾ The CEO LTI grant size was adjusted for PSP 2020–2022 and onwards by the Board to take into account the larger company size after the merger.

²⁾ Shares earned shows the total number of shares after performance criteria achievement. Part of the reward is converted to cash payment to cover income tax.

Updated information on the shares held by the President and CEO is available on the company's website at www.tietoenvy.com/investors under the insider register.

Comparative remuneration data

The information in the table below is based on Tieto's data until the merger of Tieto and ENVY on 5 December 2019. The data from 2020 and onwards represent post merger values.

		2018	2019	2020	2021	2022
Revenue	EUR million	1 599.5	1 734.0	2 786.4	2 823.4	2 928.1
Operating profit (EBIT)	EUR million	154.7	126.8	146.7 ⁴⁾	382.0 ⁴⁾	266.5
Board remuneration ¹⁾						
Chairperson	Annual remuneration, EUR	91 000	98 000	125 000	125 000	128 500
Deputy chairperson	Annual remuneration, EUR	55 000	58 000	70 000	70 000	72 000
Board member	Annual remuneration, EUR	36 000	38 000	53 000	53 000	54 500
	Meeting fee, EUR/meeting	800	800	800	800	800
Employee representative	Annual remuneration, EUR			15 000	15 000	15 000
CEO remuneration ²⁾	EUR	1 788 302	2 589 032	2 636 446	2 404 562	2 248 409
Employee remuneration ³⁾	EUR, average per employee	60 710	62 155	62 452	64 084	65 454

¹⁾ Post merger, in addition to these fees, the Chairperson of a permanent Board Committee receives an annual fee of EUR 20 000 and a member of a permanent Board Committee receives an annual fee of EUR 10 000.

²⁾ CEO remuneration consists of gross rewards paid during the reported year. 2019 and 2020 include a merger success bonus related to the merger of Tieto and ENVY.

³⁾ Employee average compensation from 2020 onwards is based on personnel expenses divided by the average number of employees, and for the other years, the end-of-year employee figures.

⁴⁾ In 2021, Tietoenvy's operating profit includes EUR 104.0 million in capital gains from divestments, whereas in 2020, adjustment items included substantial costs related to integration. Eliminating all non-recurring items, adjusted operating profit (EBITA) stood at EUR 367.8 million (2021) and EUR 355.0 million (2020).



Contact Us:
TietoEVRY
Keilalahdentie 2-4
P.O.Box 2, 02101
FI-02150 Espoo
Finland
www.tietoevry.com

